

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House  
(317) 232-9855

**FISCAL IMPACT STATEMENT**

**LS 6305**

**BILL NUMBER:** SB 186

**DATE PREPARED:** Nov 7, 2001

**BILL AMENDED:**

**SUBJECT:** Local Unit Retirement and Disability Systems.

**FISCAL ANALYST:** James Sperlik

**PHONE NUMBER:** 232-9866

**FUNDS AFFECTED:**     **GENERAL**  
                          **X DEDICATED**  
                          **FEDERAL**

**IMPACT:** State & Local

**Summary of Legislation:** This bill authorizes a political subdivision that is not a participant in the public employees' retirement fund (PERF) to provide, independently of PERF, retirement, disability, and survivor benefits for its employees.

**Effective Date:** July 1, 2002.

**Explanation of State Expenditures:** This bill potentially reduces the number of participating units in PERF by providing an option to those units who opt out of PERF and create their own retirement system. The specific fiscal impact will depend upon the number of such units. Over the last ten years, 17 units have opted out of PERF. The fund affected for PERF is the Investment Earnings Fund.

**Explanation of State Revenues:**

**Explanation of Local Expenditures:** This proposal removes the date (January 1, 1995) before which a political subdivision must have established and begun providing retirement, disability, and survivor benefits to employees of political subdivisions that are not participants in the Public Employees' Retirement Fund (PERF). For those political subdivisions who opt to participate in deferred compensation plans, the fiscal impact will depend upon the adoption by a political subdivision of a deferred compensation plan and the contribution levels established.

For those units who are currently members of PERF and who choose to opt out of PERF, there is a two-year opt-out provision requiring the withdrawing entity to ensure the solvency of the fund, along with other requirements.

**Explanation of Local Revenues:**

**State Agencies Affected:** PERF (As a result of P.L. 119 2000, PERF is no longer a state agency, but rather an independent body corporate and politic.)

**Local Agencies Affected:** Those political subdivisions who opt to participate in a system independent of PERF.

**Information Sources:** Bill Hutchinson of PERF, 233-4135.